Depreciation in Rupee Value

207. SHRI MUKHTIAR SINGH MALIK :
SHRIMATI RENUKA CHOWDHURY :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that rupee value has depreciated against major currencies in which India trades during all the three initial years of the Seventh Plan;

(b) if so, what are the reasons therefor;

(c) how far it has affected foreign exchange position of the country; and

(d) what steps Government have taken to meet the situation ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) to (d). The exchange rate of the rupee is fixed with reference to the exchange rate movement of a suitably weighted basket of currencies, mainly of countries which are India's major trading partners. Thus the exchange rate of rupee vis-a-vis other currencies moves upward or downward depending upon fluctuations in the value of the currencies constituting the basket. The exchange rates of Indian rupee in relation to those of some of the major world currencies during the first 3 years of VII plan period were as follows :—

Rs. per unit of Major Currencies
(Annual Averages)

Currency	Seventh Five Year Plan		
	1985-86	1986-87	1987-88
U.S. Dollar	12.2349	12.7782	12.9658
Pound-Sterling	16.8467	19.0722	22.0872
Yen	0.0562	0.0802	0 0954
D.M.	4.5553	6 2970	7.4004

It is not possible to isolate the impact of exchange rate movements on country's foreign exchange reserves particularly when the level of reserves is influenced by a large number of other contributory factors like trade transactions, capital and other flows and debt repayments, etc.

Writing off of Crop Loans given by Banks

208. SHRIMATI RENUKA CHOWDHURY : Will the Minister of FINANCE be pleased to state :

(a) whether Andhra Pradesh Government has recently approached the Central Government to write off the crop loans given by the nationalised banks to the cotton growers in Guntur, Prakasam and other districts of Andhra Pradesh in view of the failure of cotton crops;

(b) whether the request of the State Government has since been examined by the Central Government; and

(c) if so, what decision has been taken by the Central Government thereon ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) to (c). A letter dated 24-2-1988 has been received from the Department of Agriculture of the State Government of Andhra Pradesh indicating, *inter alia*, that the cotton grower-farmers in Prakasam